MONTANA LEGISLATIVE HISTORY

Chapter 263 1993

Bill H _____ S 190 Original bill & history ✓ C

H. Committee on State Admin.		S. Committee on Business & Industry	
Hearing Date(s) Mar 04	✓ C	Hearing Date(s) Jan 28	✓ C
_____	C	Feb 02	✓ C
_____	C	_____	C
_____	C	_____	C
Date Out Mar 04	✓ C	Feb 02	✓ C

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____ Report _____

LC 0048/01

Senate BILL NO. 190

INTRODUCED BY Doherty, Jergeson, Stahl, Stad, L Nelson, Peterson

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A RURAL ELECTRIC OR TELEPHONE COOPERATIVE TO USE UNCLAIMED PATRONAGE REFUNDS FOR EDUCATIONAL PURPOSES; PROVIDING AN EXEMPTION TO THE UNIFORM UNCLAIMED PROPERTY ACT; AND AMENDING SECTIONS 35-18-316, 70-9-203, 70-9-301, 70-9-309, AND 72-14-102, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 35-18-316, MCA, is amended to read:

"35-18-316. Refunds to ~~members~~ -- retention of unclaimed refunds. (1) ~~Revenues~~ Revenue of a cooperative for any fiscal year ~~shall~~ must, unless otherwise determined by a vote of the members, be distributed by the cooperative to its members as patronage refunds prorated in accordance with the patronage of the cooperative by the respective members paid for during ~~such~~ the fiscal year, whenever ~~such~~ the ~~revenues exceed~~ revenue exceeds the amount ~~thereof~~ necessary to:

(a) defray expenses of the cooperative and of the operation and maintenance of its facilities during ~~such~~ the fiscal year;

(b) pay interest and principal obligations of the cooperative coming due in ~~such~~ the fiscal year;

(c) finance or provide a reserve for the financing of the construction or acquisition by the cooperative of additional facilities to the extent determined by the board of trustees;

(d) provide a reasonable reserve for working capital;

(e) provide a reserve for the payment of indebtedness of the cooperative maturing more than 1 year after the date of the incurrence of ~~such~~ the indebtedness in an amount not less than the total of the interest and principal payments ~~in--respect--thereof~~ required to be made during the next ~~following~~ fiscal year; and

(f) provide a fund, which ~~shall~~ may be not less than 2% or more than 5% of the balance remaining, for education in cooperation and for the dissemination of information concerning the effective use of electric energy and other services made available by the cooperative.

(2) Nothing ~~herein~~ contained in this section ~~shall~~ may be construed to prohibit the payment by a cooperative of all or any part of its indebtedness prior to the date when the ~~same shall become~~ payment becomes due.

(3) A cooperative may, upon the action of the board of trustees, retain patronage refunds allocated to its members that remain unclaimed for a period of 5 years after the end of the year in which the refunds are given. Refunds retained

by the cooperative may be used for educational purposes."

Section 2. Section 70-9-203, MCA, is amended to read:

"**70-9-203. Deposits and refunds held by utility.** (1) The following funds held or owing by any utility are presumed abandoned:

~~(1)~~(a) any deposit made by a subscriber with a utility to secure payment for or any sum paid in advance for utility services to be furnished in this state, less any lawful deductions, that has remained unclaimed by the person appearing on the records of the utility entitled ~~thereto~~ to it for more than 5 years after the termination of the services for which the deposit or advance payment was made;

~~(2)~~(b) any sum ~~which~~ that a utility has been ordered to refund and ~~which~~ that was received for utility services rendered in this state, together with any interest ~~thereon~~, less any lawful deductions, that has remained unclaimed by the person appearing on the records of the utility entitled ~~thereto~~ to it for more than 5 years after the date it became payable in accordance with the final determination or order providing for the refund~~.~~; and

(c) a patronage refund made to a member of a rural electric or telephone cooperative organized under Title 35, chapter 18, that has remained unclaimed by the person appearing on the records of the cooperative entitled to it for more than 5 years.

(2) The unclaimed funds provided for in subsection (1)(c) are not subject to or governed by any other provisions of parts 1 through 3 of this chapter. They may be used by the rural electric or telephone cooperative for educational purposes."

Section 3. Section 70-9-301, MCA, is amended to read:

"**70-9-301. Report of abandoned property -- duty to prevent abandonment prior to filing.** (1) Every Except as provided in 70-9-203(2), a person holding money or other property, tangible or intangible, presumed abandoned under parts 1 through 3 shall report the property to the department as provided in this part.

(2) The report must be verified and must include:

(a) except with respect to travelers' checks and money orders, the name, if known, and the last-known address, if any, of each person appearing from the records of the holder to be the owner of any property of value of $25 or more presumed abandoned under parts 1 through 3;

(b) in case of unclaimed money of life insurance corporations, the full name of the insured or annuitant and ~~his~~ the last-known address according to the life insurance corporation's records;

(c) the nature and identifying number, if any, or description of the property and the amount appearing from the records to be due. Items less than $25 of value each may

be reported in aggregate.

(d) the date when the property became payable, demandable, or returnable and the date of the last transaction with the owner with respect to the property; and

(e) other information ~~which~~ that the department prescribes by rule as necessary for the administration of parts 1 through 3.

(3) If the person holding property presumed abandoned is a successor to other persons who previously held the property for the owner or if the ~~holder~~ holder's name has changed ~~his--name~~ while holding the property, he the holder shall file with ~~his~~ the report all prior known names and addresses of each holder of the property.

(4) The report must be filed before November 1 every year as of the preceding June 30, but the reports of life insurance corporations, banking and financial organizations, and cooperatives must be filed before May 1 of each year as of the preceding December 31. The department may postpone the reporting date upon written request by any person required to file a report. The department shall furnish forms for this report.

(5) Not more than 120 days before filing the report required by this section, the holder in possession of property presumed abandoned and subject to custody as unclaimed property under parts 1 through 3 shall send

written notice to the apparent owner at ~~his~~ the last-known address informing ~~him~~ the apparent owner that the holder is in possession of property subject to this chapter if:

(a) the holder has in ~~his~~ the holder's records an address for the apparent owner ~~which~~ that the holder's records do not disclose to be inaccurate;

(b) the claim of the apparent owner is not barred by the statute of limitations; and

(c) the property has a value of $100 or more.

(6) Verification if made by a partnership must be executed by a partner; if made by an unincorporated association or private corporation, by an officer; and if made by a public corporation, by its chief fiscal officer."

Section 4. Section 70-9-309, MCA, is amended to read:

"70-9-309. Deposit of ~~moneys~~ money -- record -- deduction of costs. (1) ~~All~~ Except for patronage refunds retained under 35-18-316, all ~~moneys~~ money received under parts 1 through 3, including the proceeds from the sale of abandoned property under 70-9-308, ~~shall forthwith~~ must be immediately deposited by the department of revenue with the state treasurer for credit to the public school nonexpendable trust fund of the state, except that the state treasurer shall retain in the agency fund an amount not exceeding $25,000 from which ~~he~~ the treasurer shall make prompt payment of claims allowed by the department as

hereinafter provided in this section.

(2) Before making the deposit, the department shall record the name and last-known last-known address of each person appearing from the holders' reports to be entitled to the abandoned property and of the name and last--known last-known address of each insured person or annuitant and, with respect to each policy or contract listed in the report of a life insurance corporation, its number, the name of the corporation, and the amount due. The record shall must be available for public inspection at all reasonable business hours.

(3) Before making any deposit to the credit of the public school nonexpendable trust fund, the department may deduct:

(a) any costs in connection with sale of abandoned property;

(b) any costs of mailing and publication in connection with any abandoned property; and

(c) reasonable service charges."

Section 5. Section 72-14-102, MCA, is amended to read:

"**72-14-102. When title to escheated property vests in state.** (1) Whenever the title to any property, either real or personal or mixed, fails for any reason, including want of heirs or next of kin, such the title vests in the state of Montana immediately upon the death of the owner without

an inquest or other similar proceeding and there is no presumption that such the owner died leaving heirs or next of kin.

(2) This chapter does not apply to any rural electric or telephone cooperative organized under Title 35, chapter 18, if the board of trustees of the cooperative has acted to retain patronage refunds that are made by the cooperative to a member or former member and that remain unclaimed for 5 years, as provided in 70-9-203."

-End-

4/07	SIGNED BY SPEAKER		
4/13	TRANSMITTED TO GOVERNOR		
4/15	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 366		
	EFFECTIVE DATE: 10/01/93		

SB 190 INTRODUCED BY DOHERTY, ET AL.

ALLOW COOPERATIVE TO RETAIN UNCLAIMED PATRONAGE REFUNDS FOR EDUCATIONAL PURPOSES

1/19	INTRODUCED		
1/19	REFERRED TO BUSINESS & INDUSTRY		
1/19	FIRST READING		
1/28	HEARING		
2/02	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/03	2ND READING PASSED	47	0
2/04	FISCAL NOTE REQUESTED		
2/04	3RD READING PASSED	47	0
	TRANSMITTED TO HOUSE		
2/05	REFERRED TO STATE ADMINISTRATION		
2/05	FIRST READING		
2/06	FISCAL NOTE RECEIVED		
2/08	FISCAL NOTE PRINTED		
3/04	HEARING		
3/05	COMMITTEE REPORT—BILL CONCURRED		
3/15	2ND READING CONCURRED	77	23
3/18	3RD READING CONCURRED	85	10
	RETURNED TO SENATE		
3/24	SIGNED BY PRESIDENT		
3/26	SIGNED BY SPEAKER		
3/29	TRANSMITTED TO GOVERNOR		
4/02	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 263		
	EFFECTIVE DATE: 10/01/93		

SB 191 INTRODUCED BY AKLESTAD, ET AL.

ALLOW PERSONS 62 AND OVER TO DEFER INCREASES IN MARKET VALUE OF THEIR PRIMARY RESIDENCES

1/19	INTRODUCED
1/19	FISCAL NOTE REQUESTED
1/19	REFERRED TO TAXATION
1/19	FIRST READING
1/26	FISCAL NOTE RECEIVED
1/27	FISCAL NOTE PRINTED
1/29	HEARING
3/27	TABLED IN COMMITTEE

SB 192 INTRODUCED BY WATERMAN, ET AL.

DIRECT PERS BOARD TO REVIEW BENEFITS; RECOMMEND COST-OF-LIVING ADJUSTMENTS

1/19	INTRODUCED		
1/19	REFERRED TO STATE ADMINISTRATION		
1/19	FIRST READING		
1/28	HEARING		
2/08	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/09	2ND READING PASSED	36	14
2/10	3RD READING PASSED	44	5

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for SB0190, third reading.

DESCRIPTION OF PROPOSED LEGISLATION:
An act allowing a rural electric or telephone cooperative to use unclaimed patronage refunds for educational purposes; providing an exemption to the uniform property act.

ASSUMPTIONS:
1. During FY92, the Department of Revenue collected $154,000 in abandoned property from rural electric and telephone cooperatives (MDOR).
2. On average, the department returns 32.9% of abandoned property within the first year that the property is reported abandoned (MDOR).
3. The average long-term interest rate is 8.00% (MDOR).
4. Under the proposed legislation, all abandoned property from rural electric and telephone cooperatives would be retained by the cooperatives and not remitted to the department (MDOR).
5. The effective date of the proposed legislation is October 1, 1993, and is applicable to all property which has been abandoned for five years on or after October 1, 1993 (MDOR).

FISCAL IMPACT:

Expenditures:
There is no impact to Department of Revenue expenditures under the proposed legislation.

Revenues:
Under the proposed legislation, abandoned property deposits to the school trust fund would decrease by approximately $105,000 annually. This decrease in principal to the trust fund would result in decreased interest earnings to the school equalization account of approximately $8,300 annually. Because of the October 1, 1993 effective and applicability dates, there would be no impact in FY94 and a partial impact in FY95.

TECHNICAL NOTES:
The intent of the proposed legislation appears to exempt only unclaimed patronage dividends from being remitted to the state. However, the language in Section 5 exempts all abandoned property of rural electric and telephone cooperative members from the Uniform Unclaimed Property Act.

Dave Lewis 2-6-93
DAVID LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Steve Doherty 2/8/93
STEVE DOHERTY, PRIMARY SPONSOR DATE

Fiscal Note for SB0190, third reading
SB 190

MINUTES

MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By J.D. Lynch, Chair, on January 28, 1993, at 10:00 a.m.

ROLL CALL

Members Present:

Sen. J.D. Lynch, Chair (D)
Sen. Chris Christiaens, Vice Chair (D)
Sen. Betty Bruski-Maus (D)
Sen. Delwyn Gage (R)
Sen. Tom Hager (R)
Sen. Ed Kennedy (D)
Sen. Terry Klampe (D)
Sen. Francis Koehnke (D)
Sen. Kenneth Mesaros (R)
Sen. Doc Rea (D)
Sen. Daryl Toews (R)
Sen. Bill Wilson (D)

Members Excused: Senator Harding

Members Absent: None.

Staff Present: Bart Campbell, Legislative Council
Kristie Wolter, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 190, SB 197
Executive Action: None.

HEARING ON SB 190

Opening Statement by Sponsor:

Senator Steve Doherty, Senate District 20 stated the purpose of SB 190 is to recover "lost funds" from the Abandoned Property Fund. SB 190 will give cooperative's the opportunity to use funds from the Abandoned Property Fund for financial investments in schools and educational programs. As it stands now, the state takes the abandoned property and funds and puts them into an account and the counties receive the interest from the funds as an allotment for investment into their communities. SB 190

allows the counties to take all of the money and use it for educational purposes in the communities.

Proponents' Testimony:

Jay Downen, Manager Association of Electrical and Telephone Cooperative, stated his support of SB 190. Mr. Downen felt a strong duty to return to the communities the bonuses which have been extracted from them. Mr. Downen stated he felt the cooperative's could do a better job as trustee for the unclaimed funds than the state Department of Revenue. Mr. Downen stated the cooperatives will pay back any member any amount at any time. He said the cooperatives would like to put some money into the educational system.

Jim Nelson, Attorney for the Glacier Electric Cooperative, and Glacier County Attorney spoke in favor of SB 190. Mr. Nelson stated the cooperatives look at SB 190 as a chance to give something back to the communities and the educational systems. He stated SB 190 would allow the cooperatives the ability to donate several thousands of dollars to the educational programs in their rural counties. Mr. Nelson said despite their best efforts, the counties are forced to escheat several thousand of dollars to the state, and only a very small portion gets returned to the community.

Greg Groepper, Office of Public Instruction, stated he supported SB 190.

Reiny Jabs, Cooperative Board Member, stated his support of SB 190. Mr. Jabs stated cooperatives were formed because of sparsity of population and since the cooperatives raised money locally through non-profit organizations, the money should stay in the communities. Mr. Jabs said the local cooperatives have a better chance of finding the families and owners of lost funds than the state does.

Clarence Beede, Missoula Electrical Cooperative, offered examples of what the funds have done for the rural districts in his cooperative.

Butch Light, Counselor, Cut Bank Schools, stated his support of SB 190. He stated rural education systems have a difficult time finding financial means for their schools and unclaimed capital credits are a means for funding.

Joel May Barker, Director of Media and Consumer Relations, Montana Electric Cooperatives Association and Montana Telephone Association asked for the Committee's support of SB 190. Ms. Barker stated SB 190 would benefit the rural communities and rural schools. She supplied handouts with figures and information for the Committee (Exhibit #1).

Opponents' Testimony:

Jeff Miller, Administrator, Income and Miscellaneous Tax Department of Revenue, stated his opposition to SB 190. Mr. Miller stated one of his responsibilities is the administration of Montana's abandoned property. He said Montana is a custodial state which means any abandoned property goes to the state. The state controlling all abandoned property centralizes the administration of such. He defined abandoned property as anything which has become idle or abandoned because the owner of the funds cannot be found for greater than 5 years. The Department of Revenue then establishes an account in the name of the owner which is maintained in perpetuity in the event the owner or an heir comes forward. In the meantime, the Department searches for the rightful owner through legal advertising. In a typical year, the Department receives around 1.5 million dollars in abandoned funds and returns approximately $500,000. The interest on what is left is what is being made available to the cooperatives and the educational system in Montana. Mr. Miller stated the Department's problem with SB 190 is it violates broadly accepted uniform principals of the custodial function of the state. There is never a permanent escheatment of the estate, it is held in trust forever, the benefit of which is the interest earned is distributed throughout the state. Under SB 190, the property would escheat to the cooperative and the funds "may" be used for educational purposes. Mr. Miller stated the funds could be used for any number of things and SB 190 wasn't precise as to the distribution of the funds. Mr. Miller supplied a brochure on the unclaimed property program in Montana (Exhibit #2).

Questions From Committee Members and Responses:

Senator Klampe asked Senator Doherty where in SB 190 it says the money will be used for educational purposes in local areas. Senator Doherty referred to page 2 and 3. Senator Doherty added the "may" in the language could be made stronger by changing it to a "must". Senator Doherty stated the cooperatives serve a specified service area and that is where the funds will be distributed. Senator Klampe asked Senator Doherty where in SB 190 it states the local cooperative gets the money. Senator Doherty directed Senator Klampe to page 8, subsection 2 and to page 2 subsection 2.

Senator Kennedy asked Senator Doherty who would decide and how it would be decided where the money would be spent. Senator Doherty answered the cooperatives would be in charge of those areas.

Senator Kennedy asked Mr. Miller how much money is in the account. Mr. Miller stated he didn't know the balance in the account, but that an annual estimate is between 1 and 1.5 million dollars per year.

Senator Mesaros asked Mr. Downen if any of the funds from these accounts may be distributed to local volunteer fire departments. Mr. Downen stated he didn't believe any of the funds went to fire departments.

Senator Gage asked Mr. Downen if there was any problem with the cooperatives refunding the amounts if a party came in after 5 years. Mr. Downen answered there would be no opposition if that provision was included.

Closing by Sponsor:

Senator Doherty closed stating the cooperatives will use the funds for educational purposes and would act in their member interests. He stated SB 190 only touched capital credits and no other kinds of property. He stated capital credits are donations by the members of the cooperatives given to get the cooperatives going. He added Montana is one of the few states who don't allow the cooperatives in their states to use their capital credits for use in their counties.

HEARING ON SB 197

Opening Statement by Sponsor:

Senator Greg Jergeson, Senate District 8, opened on SB 197 by talking about legislation which was passed in 1989. The legislation required smoke detectors in all rental, residential property in the state of Montana. The legislation was passed on the grounds there be no effective enforcement requiring landlords to make sure the smoke detectors are installed in rental property. SB 197 provides for a means for enforcement on the previous legislation.

Proponents' Testimony:

David Wymore, resident of Havre, lost his son in a fire in a rental unit without a smoke detector. He supplied several letters in support of SB 197 (Exhibits #3 - #11) and also supported SB 197.

Dan Shea, Low Income Coalition, read from prepared testimony in support of SB 197 (Exhibit #12).

Michael Briggs, Missoula, lost his brother in a rental unit fire which did not have a smoke detector. He stated his support of SB 197.

Kelly Dodson, Havre, stated her support of SB 197. She had been involved in a fire in her rental unit. She stated SB 197 would not only protect the renters, but would also protect the landlord

SB 190, CAPITAL CREDITS RETENTION BY ELECTRIC AND TELEPHONE COOPERATIVES

- SB 190 amends the Montana Uniform Unclaimed Property Act to allow electric and telephone cooperatives, instead of the State, to act as the trustee of unclaimed capital credits.

- The 35 electric and telephone cooperatives serving Montana already aggressively try to locate former cooperative members to return unclaimed capital credits. Our cooperatives can do a better job of locating those members entitled to their cooperative credits, than can a State agency headquartered in Helena. The State will only return capital credits large than $10.00. Our cooperatives will return any amount to a member.

- Currently, the State is the trustee for the unclaimed capital credits fund and uses 95% of the interest from the fund for educational purposes.

    - From fiscal years 1985 through 1990, the total amount of unclaimed property capital remitted to the state was $127,174. Using the state's current short-term interest rate of 5.0% (average), the interest from this fund totals $6,040.76.

    - If the cooperatives were the trustees of this fund, the total amount of $127,174 plus any interest would be available for education in Montana.

- The impact on the school trust would be negligible. Given the commitment to use these funds for educational purposes, the Office of Public Instruction is not opposing the legislation.

- Capital credits are a unique form of property. They represent each member's share of equity in a not-for-profit cooperative. They are unlike other items subject to the Montana Uniform Unclaimed Property Act and therefore, the communities where our members live should benefit from these unclaimed capital credits.

- Only members' capital credits would be affected by this bill. All other forms of properties, such as deposits, membership fees, overpayments, safety deposit box contents, would remain subject to the Act.

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 1
DATE Jan 28 1993
BILL NO. SB 190

COOPERATIVE CAPITAL CREDITS

FACT SHEET

* Capital Credits are a Unique Form of Property
They are unlike other items subject to the Act. They were generated as members' share of equity in not-for-profit cooperatives and the cooperative membership, as a whole, should benefit from them until the individual owners are located.

* The cooperative is required to distribute all equity to members with the exception of equity used for operations, loan payments and capital expenditures. Credits frequently go unclaimed because a member's death or a member's move out of the area, without leaving a forwarding address with the cooperative, results in the inability to contact that member.

* Local Businesses Best Serve Local Community

The 35 electric and telephone cooperatives serving Montana can do a better job of locating former members than a State agency headquartered in Helena.

* Fiscal Impact

The bill actually creates a positive fiscal impact for education. Currently, the Office of Public Instructic may use only 95% of the annual interest earnings on unclaimed capital credits. Under this legislation, 100% of the principal, plus interest, can be used for educational purposes.

* Limited Application

Only members' capital credits would be affected. All other forms of properties, such as deposits, membersh fees, overpayments, safety deposit box contents, etc. would remain subject to the Act.

* Work Load Reduction

The administrative burden on both cooperatives, the Departments of Revenue, OPI would be reduced.

* SB 190

This would allow cooperative capital credits to rema being used for their original purpose until the rightful owners are located.

Exhibit H 1
1-28-93
SB-190

TABLE 1
Unclaimed Property Remitted to State by Cooperatives
Fiscal 1985 Through Fiscal 1990

	Elec. & Gas* Coops	Telephone Coops	Elec. & Tele. Coop Total	"Other" Coops Total	Coops Total
1985	$8,878	$2,717	$11,595	$826	$12,421
1986	8,215	6,038	14,253	11,582	25,835
1987	7,490	33,996	41,486	9,170	50,656
1988	15,047	9,208	24,255	7,405	31,660
1989	10,118	12,821	22,939	11,654	34,593
1990	4,873	7,773	12,646	2,594	15,240
Total	$54,621	$72,553	$127,174	$43,231	$170,405

*Gas coops total $389 in 1987

Source: Legislative Council/Dept. of Revenue

How can I prevent my account from being turned over to the state?

a. Keep accurate financial records. Record all bank accounts, insurance policies, stock certificates, utility and rent deposits, and your safety deposit box number.

b. Be sure to cash all checks for dividends, wages and insurance settlements. This includes State warrants.

c. Notify a family member or trusted advisor of the location of your records.

d. Prepare a checklist of these items in order to notify all concerned parties if you change your address.

Where do I go to find out if I have any unclaimed property?

You can write directly to:

Montana Dept. of Revenue
Unclaimed Property Section
Income & Misc. Tax Division
Mitchell Building
Helena, MT 59620

Or call:

406/444-2425

Tell us your name (as it would have appeared on the account, social security number or check) address, and if you have an idea of where you may have had an asset that is now unclaimed. We will research our records and advise you.

10,000 copies of this public document were published at an estimated cost of 9¢ per copy, for a total cost of $900.00 which includes $900.00 for printing and $.00 for distribution.

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 2
DATE Jan 28, 1993
BILL NO. SB 190

MONTANA'S

UNCLAIMED PROPERTY PROGRAM

GENERAL INFORMATION REGARDING UNCLAIMED PROPERTY

Background, History and Purpose

The origin of the unclaimed property law dates back as far as the colonization of America. Since that time, all fifty states have revised and refined their various unclaimed property laws, resulting in nearly $4 billion in collections for the benefit of owners whose whereabouts are at least temporarily unknown. Of this figure, more than $870 million was collected by all the states in 1989. (Montana collects over 1 million each year.)

In Montana the law was enacted by the Legislature in 1963 to protect unclaimed property and return it to its true owners or their heirs.

All states make a diligent effort to locate and refund these funds to the rightful owner, at no cost to the owner. With the custodial function at the forefront, the National Association of Unclaimed Property Administrators (NAUPA) provides a basic forum for discussion among states regarding unclaimed property laws and continues to respond to the increasingly complex issues facing businesses that report unclaimed funds, as well as program administrators and directors.

What is unclaimed property?

Generally it is property that had no activity by its owner in the past 5 years. (dormant)

A wide range of property (presumed abandoned) is reportable under Montana law including: dormant checking and savings accounts, uncashed money orders, cashiers checks, unclaimed wages, insurance benefits, mineral royalty payments, safe deposit box contents, unused gift certificates, unclaimed security deposits, cash dividends, stock, court deposits, and utility deposits. The unclaimed property act does not cover real estate.

How does property become "unclaimed"?

Property becomes "unclaimed" or "abandoned" when there has been no owner activity in relation to the account for a period of five years, and when the owner cannot be contacted by the holder of that property.

What attempts are made to find the rightful owners?

Under the law, the "holders" (banks, insurance companies, businesses, etc.) must make a determined effort to locate the true owner. If they are unsuccessful, and the account has been dormant for 5 years, they are to report the names and last known addresses of the owners to the Department of Revenue, Unclaimed Property Section. Twice a year in January and July the Department publishes names of owners of unclaimed property of $100 or more in the principal newspaper in the county of the last known address. If you see your name, please contact the Department of Revenue for instructions on recovering the property.

Each year approximately $200,000 is returned to owners of the one million dollars of various unclaimed properties turned over to Montana.

What does the state do with this money?

Upon receipt, an account is registered with the State in the name of the owner. The money is deposited in the Public School Nonexpendable Trust Fund and the interest earned is distributed among the school districts throughout the State. The principle however, is never spent and is held in perpetuity until the owner or an heir comes forward to make a claim.

How does the state take possession of your property?

Under state law unclaimed property is remitted to the State when there has been no activity to an account for 5 years.

If owners cannot be found what happens to the money?

Montana is a custodial state. That means owners can always claim their property. There is no time limit on claiming your money from the State. Items such as safe deposit box contents, stock certificates, etc., are sold or redeemed for cash when turned in to the state. The value received is then held for the owner. If at anytime you can prove this money is yours, the Department will return it to you without charge.

DATE Jan 28, 1993

SENATE COMMITTEE ON Business and Industry

BILLS BEING HEARD TODAY: SB 190 SB 197

Name	Representing	Bill No.	Check (Support Op
Dan Sheehy	Montana Low Income Coalition	SB197	
James C Nelson	Glacier Electric - Cut Bank	SB 190	X
C.T. Beede	Missoula Electric	SB 190	X
Noel "Butch" Light	Cut Bank Schools	SB 190	X
David J. Wymore	Havre MT.	SB 197	X
Greg Van Horssen	IPMA/MEA	SB 197	
Jeff Miller	MT. DOR	SB 190	
Reiny Jabs	Self + Big Horn Co. Elec T.	SB. 190	X
Kelley Dodds MT	Montana Low Income	SB 197	
Michael T. Boggs	Self	SB 197	
Greg Groepper	Office of Public Instruction	SB 190	X
Christine Medina	MT-Low-Income Coalition	SB197	X
Larry Fasbender	MT. Council of Coops	SB-190	X
Art Ilsley	3-Rivers Telephone Co-op	SB-190	X
Mary Bucklew	MT Electric & Telephone Coops	SB190	X
Tom Hoglund	M-I Associates	SB190	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRET

F10

MINUTES

MONTANA SENATE
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By J.D. Lynch, Chair, on February 2, 1993, at 10:00 a.m.

ROLL CALL

Members Present:

Sen. J.D. Lynch, Chair (D)
Sen. Chris Christiaens, Vice Chair (D)
Sen. Betty Bruski-Maus (D)
Sen. Tom Hager (R)
Sen. Ethel Harding (R)
Sen. Ed Kennedy (D)
Sen. Terry Klampe (D)
Sen. Francis Koehnke (D)
Sen. Kenneth Mesaros (R)
Sen. Doc Rea (D)
Sen. Bill Wilson (D)

Members Excused: Sen. Delwyn Gage, Sen. Daryl Toews

Members Absent: None.

Staff Present: Bart Campbell, Legislative Council
Kristie Wolter, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 263
Executive Action: SB 86, SB 190, HB 108, HB 120

HEARING ON SB 263

Opening Statement by Sponsor:

Senator Fred Van Valkenburg, Senate District 30, stated SB 263 has been introduced to allow in statute what is largely done in practice across the state of Montana. He stated SB 263 allows for the collection of a service charge when an individual has issued a bad check. Senator Van Valkenburg said currently there is nothing in the law which specifically authorizes the practice of bad check charges. He added because it is not specified does not mean the practice of charging for a bad check is illegal, but the stores are running into instances where bad check writers are

bad check back and the bank notifies the writer of the check that it was returned if the notification from the bank is considered notification. Senator Van Valkenburg answered it is considered notification from the bank. Senator Rea asked if banks would be able to charge the $25 fee on top of their regular NSF check charge. Senator Van Valkenburg stated the fee is payable only to the payee or payee's assignee.

Senator Mesaros asked Senator Van Valkenburg if the $25 would be reflected on a service charge for a stop payment. Senator Van Valkenburg stated SB 263 would have no effect as far as he knew.

Closing by Sponsor:

Senator Van Valkenburg closed on SB 263 asking the Committee for favorable consideration. He added if the Committee would like to amend SB 263 he would be willing to work with them.

EXECUTIVE ACTION ON SB 86

Motion/Vote:

Senator Christiaens moved SB 86 DO PASS. MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 190

Discussion:

Bart Campbell stated in the hearing there was discussion of changing "may" to "must" at the top of page 3.

Senator Christiaens stated on the bottom of page 2, line 22 and on page 4, line 3, the word "may" should be changed to "shall".

Bart Campbell stated if SB 190 is talking about what the cooperative has to do, then the word is "shall", but if the talk is about an inanimate object, then "must" should be used.

Motion:

Senator Christiaens move SB 190 BE AMENDED.

Discussion:

Senator Mesaros questioned the intent of the amendment and if it was mandatory for the cooperatives to use the funds for educational purposes.

Senator Lynch stated the argument was that the funds are presently being used for education purposes on the state level and the co-ops don't intend to divert them to other uses.

Vote:

MOTION CARRIED UNANIMOUSLY.

Motion:

Senator Christiaens moved SB 190 DO PASS AS AMENDED.

Discussion:

Senator Rea asked for clarification on the issue if a cooperative is mandated to give the money back after 5 years. Bart Campbell stated the cooperatives are in the same position as the state and are required to return the money after 5 years.

Vote:

MOTION CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 197

Discussion:

Mr. Campbell stated the people representing landlords had submitted proposed amendments which he was working on and he read a draft of what he had. Mr. Campbell stated his understanding was the amendment would remove the $50,000 penalty and the jail time and would substitute the following:

> "if the landlord fails to install a smoke detector as required by 70-24-303(1)(g), the tenant may deliver written notice to the landlord stating that a smoke detector is not installed. If, within 24 hours of delivery of the notice, the landlord has not installed a smoke detector, the tenant may do so and may deduct the cost of the smoke detector, up to $25 from the next months rent."

Senator Lynch proposed that no written notice be required and asked there be a section requiring the landlord to make the tenant aware of the right. He also proposed in the case of a tragedy and the landlord did not fulfill this obligation, then the $50,000 and one year be put in SB 197.

Senator Wilson agreed with Senator Lynch except for the part about the written notice. He stated it would be a difficult situation to prove what two people discussed and a written agreement would make it more contractually binding.

Senator Koehnke stated the landlord has to let the tenant know about the written notice.

SENATE STANDING COMMITTEE REPORT

February 2, 1993

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration Senate Bill No. 190 (first reading copy -- white), respectfully report that Senate Bill No. 190 be amended as follows and as so amended do pass.

Signed: _____
Senator John "U.D." Lynch, Chair

That such amendments read:

1. Page 2, line 22.
Strike: "may"
Insert: "shall"

2. Page 3, line 1.
Strike: "may"
Insert: "must"

3. Page 4, line 3.
Strike: "may"
Insert: "must"

-END-

m- Amd. Coord.
___ Sec. of Senate

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MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **DICK SIMPKINS, CHAIRMAN**, on March 4, 1993, at 8:35 a.m.

ROLL CALL

Members Present:

Rep. Dick Simpkins, Chairman (R)
Rep. Wilbur Spring, Vice Chairman (R)
Rep. Ervin Davis, Vice Chairman (D)
Rep. Beverly Barnhart (D)
Rep. Pat Galvin (D)
Rep. Bob Gervais (D)
Rep. Harriet Hayne (R)
Rep. Gary Mason (R)
Rep. Brad Molnar (R)
Rep. Bill Rehbein (R)
Rep. Sheila Rice (D)
Rep. Sam Rose (R)
Rep. Dore Schwinden (D)
Rep. Carolyn Squires (D)
Rep. Jay Stovall (R)
Rep. Norm Wallin (R)

Members Excused: None.

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Council
Dorothy Poulsen, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing:	SB 174; SB 190; SJR 8
Executive Action:	SB 84; SB 142; SB 147; SB 190; SJR 12; SJR 8

EXECUTIVE ACTION ON SB 142

Motion/Vote: **REP. SPRING MOVED SB 142 BE CONCURRED IN.** Motion carried 15 to 1 with **REP. REHBEIN** voting no and **REPS. RICE** and **MOLNAR** voting by proxy.

Closing by Sponsor:

REP. LYNCH stated the resolution preserved what needed to be preserved, recycled what could be recycled, and made good sense.

EXECUTIVE ACTION ON SJR 8

Motion/Vote: **REP. DAVIS MOVED SJR 8 BE CONCURRED IN.** Motion carried unanimously with **REPS. SCHWINDEN** and **SQUIRES** voting by proxy. **EXHIBITS 4, 5**

HEARING ON SB 190

Opening Statement by Sponsor:

SEN. STEVE DOHERTY, Senate District 20, Great Falls, introduced SB 190 which amends the Uniform Unclaimed Property Act to allow a rural electric or telephone cooperative to use unclaimed patronage refunds for educational purposes. He said Montana's electric and telephone cooperatives are member-oriented and member-owned and are responsible for returning unclaimed capital credits. He explained under the current system for unclaimed property, the property is kept in a state account and the interest from the account is given to the Office of Public Instruction (OPI). The cooperatives are proposing to make the effort to refund the credits to the member; if, however, the member is not found after five years, the cooperatives would use the full refund for educational purposes. **SEN. DOHERTY** suggested the bill demonstrated a private-public partnership which should be encouraged in Montana.

Proponents' Testimony:

Jay Downen, Executive Vice-President, Montana Electrical Cooperatives Association and Montana Telephone Association, distributed a packet of information which described the current and proposed uses of unclaimed patronage refunds. He explained that patronage capital is a unique form of property and unlike other items subject to the Montana Uniform Unclaimed Property Act. Patronage capital represents members' shares of equity in a not-for-profit cooperative and is donated to the cooperative to assure reliable service in rural areas. **Mr. Downen** explained similar legislation had been proposed in prior sessions. He said SB 190 had been carefully drafted to apply only to cooperative members' capital credit and to benefit education. He stated public schools would benefit from SB 190. He reported in FY 92 OPI received $8,300 in interest earnings from the state fund; in comparison, school districts would have received $154,000 under SB 190, the amount of unclaimed patronage capital deposited in the fund. He urged favorable consideration of the bill. **EXHIBIT 6**

Bill Chapman, General Manager, Glacier Electric Cooperative, Cut Bank, stated SB 190 would amend the Uniform Unclaimed Property Act to make cooperatives the trustees of unclaimed capital credits. He explained as trustees, the cooperatives would refund the credits to members or their heirs whenever they claimed the funds. He stated the bill would enable cooperatives to work with local school districts to fund educational projects such as student scholarships. He noted local school districts would receive more money under SB 190 than OPI would receive from the interest on the state fund. He maintained since the money came from local members of cooperatives, the money should be used for local schools. He urged favorable consideration of the bill.

Daniel Bailey, President, Missoula Electric Cooperative, and Blackfoot Telephone Cooperative, stated that through the cooperatives' electronic equipment program, they had donated $10,000 worth of electronic equipment to local schools each year for the last five years. He presented lists of equipment awarded to schools and letters of appreciation from local schools. **EXHIBIT 7, 8**

REP. REHBEIN stated his support for SB 190.

Opponents' Testimony: None.

Informational Testimony: None.

Questions From Committee Members and Responses:

REP. ROSE asked **SEN. DOHERTY** whether donations would be equitably distributed. **SEN. DOHERTY** stated since donations would depend on the size of the cooperative and the number of unclaimed credits, equity across schools would not occur. **REP. ROSE** asked what criteria would be used for student scholarships. **SEN. DOHERTY** responded the criteria would be determined by members of the cooperative. He explained while some cooperatives might use the money for scholarships, cooperatives would determine the use of the money in cooperation with local school districts. **REP. ROSE** asked **SEN. DOHERTY** whether donations would benefit only children of cooperative members. **SEN. DOHERTY** responded if the cooperative donates to schools, then all children benefit.

REP. DAVIS asked **Mr. Bailey** how much the Blackfoot Telephone and Missoula Electric Cooperatives had donated to the state. **Mr. Bailey** responded $25,000 per year. **REP. DAVIS** asked **Mr. Chapman** how much Glacier Electric Cooperative donated to the state. **Mr. Chapman** responded the cooperative would be sending $21,400 in 1993. **REP. DAVIS** asked **Mr. Chapman** how much the cooperative had donated in the last five years. **Mr. Chapman** explained the cooperative had not sent any funds to the state in the last few years because the cooperative had not begun retiring capital credits until 1986.

REP. REHBEIN asked **SEN. DOHERTY** to explain what currently happened to money sent to the state. **SEN. DOHERTY** explained the money was placed in a trust fund, and the interest from the trust fund was sent to OPI. He stated OPI had testified in support of the bill in the Senate. **REP. REHBEIN** asked **SEN. DOHERTY** to explain what would happen to money currently in the state trust fund. **SEN. DOHERTY** explained money currently in the trust fund would remain in the fund.

REP. RICE noted OPI would lose $8,300 in interest this year under the bill and asked **SEN. DOHERTY** whether the state would lose interest on all future funds from the cooperatives. **SEN. DOHERTY** confirmed that would be the case.

REP. RICE asked **Mr. Downen** whether the money would be used for schools or whether it would be used for other educational purposes. **Mr. Downen** reported cooperatives currently have more requests from school districts than they can fulfill. He suggested cooperatives would be able to respond to more of the requests with the additional money. He also noted that non-member children had been awarded scholarships from cooperatives. **REP. RICE** asked whether the money would be used only to fund school district requests or used for cooperative educational programs. **Mr. Downen** responded the money would not be used to fund the cooperative's own programs. He said, however, worthwhile requests may come from entities other than school districts.

REP. STOVALL referred to the fiscal note and asked **SEN. DOHERTY** how much money was currently in the school trust fund. **SEN. DOHERTY** referred the question to **Jeff Miller, Department of Revenue,** who said he did not know the exact balance of the fund but the accumulation was in the millions of dollars because it was a nonexpendable school trust fund. He explained the difference between the $154,000 collected from the cooperatives and the $105,000 deposited in the school trust fund, as shown on the fiscal note, represented money returned to property owners. He said the principal amount remains on deposit and can be claimed at any time by owners or heirs. **REP. STOVALL** asked whether interest from the trust fund would continue going to OPI. **Mr. Miller** confirmed the interest would continue to go to OPI.

REP. GERVAIS asked **SEN. DOHERTY** whether the money could be used for community colleges. **SEN. DOHERTY** stated under SB 190 a local co-op would have the discretion to use the money as they defined educational purpose.

REP. SIMPKINS stated he interpreted SB 190 as a means for members of a cooperative to spend money they have donated to benefit their local areas. **SEN. DOHERTY** agreed.

REP. RICE asked **SEN. DOHERTY** the effect of the bill on school equalization. **SEN. DOHERTY** suggested the amount of money was so small, it would have minimal effect.

REP. MOLNAR referred to the technical note on the fiscal note and asked **SEN. DOHERTY** whether the bill exempted all abandoned property of rural electric and telephone cooperative members. **SEN. DOHERTY** said it was not the bill's intent to apply to more than capital credits. **Ms. Heffelfinger** explained the bill exempted cooperatives from chapter 18, Title 35, which covers unclaimed property. She said, however, the bill limits the exemption with lines 8-10, page 8, which states "if the board of trustees of the cooperative has acted to retain patronage refunds."

REP. MASON verified with **SEN. DOHERTY** that claimed capital credits were not sent to the state and suggested the bill might not have any impact on the trust fund in the future if all credits are claimed. **SEN. DOHERTY** agreed.

Closing by Sponsor:

SEN. DOHERTY stated SB 190 was far-sighted legislation which has been adopted by other states. He commended the cooperatives as groups which want to be responsible for the funds and make more effective use of the money.

EXECUTIVE ACTION ON SB 190

Motion/Vote: **REP. GERVAIS MOVED SB 190 BE CONCURRED IN.** Motion carried unanimously with **REPS. SQUIRES** and **SCHWINDEN** voting by proxy. **EXHIBITS 4, 5**

EXECUTIVE ACTION ON SB 147

Motion: **REP. BARNHART MOVED SB 147 BE CONCURRED IN.**

Motion: **REP. BARNHART** moved to amend SB 147. **EXHIBIT 9**

Discussion:

REP. BARNHART explained that the amendments would expand the voter information pamphlet to include names, addresses, and phone numbers of people running for statewide office. She said the amendments would have no fiscal impact.

REP. STOVALL asked **REP. BARNHART** what order would be used in listing names. **REP. BARNHART** explained a sample ballot would not be included; rather names would be listed across from one another.

Vote: **SB 147 BE AMENDED.** Motion carried 13 to 3 with **REPS. REHBEIN, ROSE,** and **HAYNE** voting no and **REPS. SQUIRES** and **SCHWINDEN** voting by proxy. **EXHIBITS 4, 5**

HOUSE STANDING COMMITTEE REPORT

March 4, 1993

Mr. Speaker: We, the committee on State Administration report that Senate Bill 190 (third reading copy -- blue) be concurred in .

Signed: Dick Simpkins
Dick Simpkins, Chair

Carried by: Rep. Peterson

Committee Vote:

EXHIBIT 6
DATE 3/4/93
HB SB 190

CURRENT USES OF UNCLAIMED PATRONAGE REFUNDS FROM MONTANA'S NON-PROFIT ELECTRIC & TELEPHONE COOPERATIVES

Consumer Payments

Paid to cooperatives by the rural consumers of electric and telephone service.

Operating Costs

- Power Purchasing Costs
- Plant Maintenance/Construction
- Personnel/Overhead
- Plant/Equipment Depreciation

Patronage Capital

- A donation of capital by each member to be used in assurring reliable electric and telephone service for rural areas.
- Patronage capital can be temporarily used to cover operating costs and plant construction.

Claimed Patronage Capital

- Patronage capital is paid back to members on a 5-, 10- or 20-year cycle.
- $5.3 Million in patronage capital returned to electric & telephone cooperative consumers in 1991.

Unclaimed Patronage Capital

- Unclaimed due to death or relocation.
- Held by cooperative for 5 years.
- Aggressive and continuous attempts to locate consumers are always made.

Public School Nonexpendable Trust Fund

- If, after 5 years, a consumer cannot be located, his or her unclaimed patronage capital is turned over to the state fund. Interest from this fund is distributed to Montana's public school districts.
- In FY 92 $154,000 of unclaimed patronage capital from electric and telephone cooperatives was deposited in this fund. Interest earnings from fund which were remitted to school districts totaled approximately **$8,300.**

PROPOSED
USES OF UNCLAIMED PATRONAGE REFUNDS FROM MONTANA'S NON-PROFIT ELECTRIC & TELEPHONE COOPERATIVES

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Montana Public School Districts

- If, after 5 years, a consumer cannot be located, his or her unclaimed patronage capital will be distributed to Montana's public school districts by the local electric and telephone cooperatives. **Total amount of unclaimed patronage capital will be distributed to public schools.**
- **$154,000** of unclaimed patronage capital would have been remitted to public school districts in FY 92.

FACT SHEET
for

SB 190

EXHIBIT 6
DATE 3/4/93
SB 190

RETENTION OF UNCLAIMED PATRONAGE REFUNDS BY ELECTRIC AND TELEPHONE COOPERATIVES

* SB 190 amends the Montana Uniform Unclaimed Property Act to allow electric and telephone cooperatives, instead of the State, to act as the trustee for unclaimed patronage refunds. Montana's electric and telephone cooperatives would like to use these funds for educational purposes such as scholarship funds, equipment and materials purchases and the implementation of new technology in their local communities.

* The 34 electric and telephone cooperatives serving Montana already aggressively try to locate former cooperative members to return unclaimed patronage refunds. Our cooperatives can do a better job of locating those members entitled to their cooperative refunds, than can a State agency headquartered in Helena. The lowest amount of unclaimed patronage refunds that the State will return is $10.00. Our cooperatives will return any amount to a member, at any time.

* Currently, the State is the trustee for the unclaimed property fund. The State uses 95% of the interest from the fund for educational purposes. The principle is never spent and is held in perpetuity.

  - In FY92 $154,000 of unclaimed patronage capital from electric and telephone cooperatives was deposited in this fund. Interest earnings from the fund, which were remitted to school districts, totaled approximately $8,300. (Ave. long-term interest rate, 8.0 percent MDOR)

  - If the cooperatives were the trustees of unclaimed patronage refunds, the total amount of $154,000 plus any interest would have been available for education in Montana in FY 92.

* The impact of SB 190 on the school trust would be negligible. Given the commitment to use these funds for educational purposes, the Office of Public Instruction is not opposing the legislation.

* Patronage capital is a unique form of property. It represents each member's share of equity in a not-for-profit cooperative. It is unlike other items subject to the Montana Uniform Unclaimed Property Act and therefore, the communities where our members live should benefit from these unclaimed patronage refunds. Only members' capital credits would be affected by this bill. All other forms of properties, such as deposits, membership fees, overpayments, safety deposit box contents, would remain subject to the Act.

EXHIBIT 6
DATE 3/4/93
SB 190

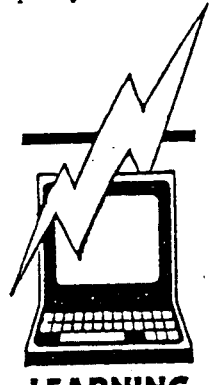
Billings Gazette 10-20-91

Fiber optics allow speedy transmissions

CAPTAIN KIRK conversed with distant alien leaders on the Enterprise's two-way video screen. Now, more than 20 years later, others are following his lead.

Fiber-optic technology allows people at different places to see and hear each other — a two-way audio and video connection called interactive television.

Fiber optics are hair-thin threads of glass. They carry sound and moving images as streams of digitized information via pulses of light. At the receiving end, sound and picture quality is excellent. There is no lag time because the information travels at the speed of light.



LEARNING over the **DISTANCES**

Just one of these delicate, brittle fibers can carry thousands of phone conversations.

Because of fiber's ability to carry more information with less interference than traditional copper cables, telephone companies have been installing fiber cable along main routes. They're doing this to upgrade their telephone service, but a side benefit is schools' opportunities to tap into the network for distance learning.

Mid-Rivers Telephone Cooperative, based in Circle in Eastern Montana, installed fiber cable from West Glendive to Fallon to Terry, then through Mildred, Plevna, Baker and Ekalaka in southeastern Montana.

Mid-Rivers General Manager Gerry Anderson said the cooperative knew that Minnesota, North Dakota and Iowa high schools were using fiber optics for distance learning. The cooperative asked Montana schools along the fiber optic route if they wanted to try this, and the schools said

Mid-Rivers helped the schools set up equipment and special classrooms with expensive equipment, proper lighting and acoustics.

As a result, the schools offered distance Spanish and German courses this fall — the first such interactive television classes in Montana.

"They're kind of pioneers in Montana," said Ron Lukenbill, the state's director of distance learning. Other cooperatives talking of setting up similar classes with schools are the Nemont Cooperative in the Medicine Lake-Scobey-Plentywood area and the Blackfoot Cooperative north of Missoula.

A regular telephone cable consists of pairs of twisted copper wires, while a fiber-optic cable has many fibers.

From Plevna to Ekalaka, Mid-Rivers runs eight fibers, wrapped together. John Lutter, engineering manager for Mid-Rivers, said the fibers are in tubing around a piece of steel, for strength. That is covered by rubber coatings and then a metal shield, to keep gophers from chewing through the cable. A compound similar to petroleum jelly keeps water out. Covering it all is another rubber shield.

Buried four feet deep, the cable is a half-inch in diameter and is run into the school buildings. Audio and video output is changed to a digital signal and re-created at the other end of the line through a device called a "codec" (coder-decoder).

Lutter said Mid-Rivers has installed fiber cable to Dawson County High School and Dawson Community College in Glendive, but the schools don't have distance classrooms set up.

"By mid-November we'll also have fiber cable into the Richey and Lambert schools and possibly into the Sidney High School," he said.

A fiber-optic link between Miles Community College and Dawson Community College and Sidney High School also is being worked on to transmit nursing courses.

US West Communications has installed 875 miles of fiber-optic cable in Montana.

US West has fiber on the following routes: Helena to Missoula, Helena to Shelby, Bozeman to Billings, Billings to Hardin, Hardin to Wyola, Lodge Grass to Fort Smith, Great Falls to Belt, and

Billings Gazette
10-20-91

Language classes use TV to talk to teachers

BAKER — The four students watched the man on TV call bingo numbers in German. And then they did something different.

They spoke back to him.

"Michelle got a bingo!" said Steph Rath. Her cousin Michele Rath read back her winning numbers under the letter N — "einundvierzig, zweiundereissig ..." — to the man on the TV.

That man is Clair Garrick, a German teacher at Terry High School.

The students are four blonde girls at Baker High School, 111 miles away.

Even though the teacher and students are miles apart, they are able to communicate through interactive television, which allows them to see and hear each other.

Without this system, Baker students would not be able to take German, nor would Ekalaka, Plevna and Terry students be able to take Spanish.

Carole Bettenhausen, a Baker teacher, teaches beginning Spanish to 23 students in four schools — at the same time.

"What is a food that means 'little donkey?' " she asks the students, as part of a vocabulary quiz.

The Ekalaka students cheer when they come up with the answer — "burrito" — over the Terry students, 146 miles away. Bettenhausen uses this healthy school competition to keep the students interested.

With speed-of-light transmission over fiber optic cables, the students can say vocabulary words in unison and even sing songs together.

■ Distance-education system links students in Hobson, Japan, Page 5E

■ Systems use technology from satellites to fiber-optics lines, Page 6E

The students and teachers are taped by cameras mounted on the classroom walls. The teachers wear microphones around their necks; the students' voices are picked up by table microphones.

The microphones are so sensitive they even picked up the sounds of shuffling papers and of a tractor driving near the Ekalaka Spanish class. "When we sneeze, they (the Terry students) say 'bless you,'" said Steph.

These extra sounds plus microphone feedback are distractions to the learning process, but these and other bugs are being worked out, according to school and telephone-cooperative officials.

Students are seated before two 27-inch TV screens, on either side of a podium. On the right screen, they can view themselves. On the left screen, they view the outside world — either the teacher, the teacher's home school students, students at yet another school, the teacher's lecture notes, slides, objects or a videotape.

The system can be programmed to scan a different classroom every five seconds.

Standing at the podium behind the TV screens, the teacher watches the students on two monitors. He or she can determine which images appear on the screens by pressing buttons.

It isn't easy for the teachers.

They read, speak, press buttons, point to verbs, gesture, watch the students in the monitors, and try to give the students "eye contact" by looking into the camera.

It's hard to look down at the monitors and up at the camera at the same time, Bettenhausen said. Plus, she added, she doesn't really like being on TV.

"It won't replace a classroom, but it's either this or nothing," she said, as far as offering these languages to the students.

Bettenhausen plans to visit each of the schools every nine weeks, and hold all-school fiestas, with Spanish cooking, games and movies. She said she faxes tests to her students and they mail back the answers.

The students are attentive and laugh easily with Bettenhausen, who knows each of them by their English and Spanish names. Her voice, which comes in loud and clear, is energetic and friendly, as she explains words and grammar to them, and teases them.

The German students in Baker also like Garrick, whom they have never met.

"He makes learning fun," said Steph Rath, who is taking German in order to talk with her German-speaking grandmother.

The students said it's hard getting used to seeing themselves on TV. But "it's new; it's neat. It adds something to your schoolwork," said Lisa Njos, another German student in Baker.

A camera is mounted inside an overhead projector, so the teachers can display their notes or even show objects clearly in larger-than life size. The Baker students used this camera to show Garrick the marzipan candy they made and the bingo prizes they brought.

"I'm very glad the Baker students are on board and I'm able to teach them," Garrick said.

However, he thinks the students on the receiving end of the fiber optics miss out on some things. For instance, he said, "I baked a cake, but when it came time to eat it, it was tough to send the cake to Baker."

He said that distance creates a lag in the learning rates between the Terry and Baker students.

"I see my students ready to go on, and the Baker students are still bogged down." Garrick said that's because he's not there to help the Baker kids when class is over. To help make up the difference, he may send audio tapes to the Baker students.

Bettenhausen and Garrick believe the advantages outweigh the drawbacks. With interactive television, students can take classes that small schools can't offer, such as classes required to enter the university system.

Perhaps most important, the kids — raised in the age of MTV — like it.

"I think we're learning well because we pay more attention," said Lisa. And why is that? " 'Cause it's off the TV."

ELECTRONIC EDUCATIONAL EQUIPMENT PROGRAM

A JOINT VENTURE BY

MISSOULA ELECTRIC COOPERATIVE, INC. AND
BLACKFOOT TELEPHONE COOPERATIVE, INC.

19 schools
1993 Donation

Alberton Elementary Printer	$300
Arlee High School VCR	$400
Avon Elementary TV	$600
Charlo Elementary CD-Rom	$400
Charlo High School Printer	$300
DeSmet School CD-Rom	$400
Dixon Elementary IBM Computer	$1,000
Elliston Elementary Overhead Projector	$360
Florence-Carlton Elementary VCR	$400
Florence-Carlton High School X-Press Info	$700
Hellgate Elementary Slide Projector	$600

C.T. Beede, Mgr.

MISSOULA ELECTRIC COOPERATIVE, INC.
1700 WEST BROADWAY
MISSOULA, MT 59802

Earl Owens, Mgr.

BLACKFOOT TELEPHONE COOPERATIVE, INC.
1112 N. RUSSELL
MISSOULA, MT 59802

EXHIBIT 7
DATE 3/4/93
HB SB 190

ELECTRONIC EDUCATIONAL EQUIPMENT PROGRAM

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MISSOULA ELECTRIC COOPERATIVE, INC. AND
BLACKFOOT TELEPHONE COOPERATIVE, INC.

Hellgate Middle		
	VCR	$400
Ovando Elementary		
	Software	$300
Potomac School		
	Mac Computer	$1,700
St. Ignatius		
	VCR	$400
Salmon Prairie		
	TV & VCR	$600
Superior Elementary		
	Camcorder	$600
Superior High School		
	Scanner	$250
Woodman Elementary		
	Overhead Projector	$360

C.T. Beede, Mgr.

MISSOULA ELECTRIC
COOPERATIVE, INC.
1700 WEST BROADWAY
MISSOULA, MT 59802

Earl Owens, Mgr.

BLACKFOOT TELEPHONE
COOPERATIVE, INC.
1112 N. RUSSELL
MISSOULA, MT 59802

EXHIBIT 7
DATE 3/4/93
SB 190

ELECTRONIC EDUCATIONAL EQUIPMENT PROGRAM TRIPLE E PAST AWARDS

1989

Avon School System	Videocamcorder & PC Computer
Clinton Elementary	20" TV & GE VCR
Frenchtown High School	Satellite Dish
Florence-Carlton High School	Satellite Dish
Helmville Elememtary	20" TV & GE VCR
Ovando Elememtary	20" TV & GE VCR
Potomac Elementary	20" TV & GE VCR
St. Ignatius School System	Videocamcorder

SALMON PRAIRIE — KAYPRO COMPUTER

Total Cost $10,278.69

1990

Alberton Grade & High School	Satellite Dish 1,450"
Charlo Elementary	$300 For Computer Programs
Charlo High School	$300 For Computer Programs
Dixon Elementary	Computer w/Printer
Elliston Elementary	Computer w/Printer & $200 for Computer Programs
Helmville Elementary	$300 Certificate for Video's & Printer
Ovando Elementary	Computer w/ Printer & Stereo Tape Recorder 410.00
Seeley Lake Elementary	Wide Screen Color TV - 477.00
Seeley Lake High School	Printer, $200 for Computer Programs & VCR - 3395
Sunset Elementary	Computer w/Printer & $200 For Computer Programs
Woodman Elementary	Computer & $200 for Computer Programs

ARLEE

1991

2 yrs Access Charge - 759.40
Phone Line - 95.60

Bonner Elementary	20" Color TV
Charlo Elementary	20" Color TV
Clinton Elementary	Projector Panel
Dixon Elementary	27" Color TV with Stand
Drummond High School	20" Color TV
Elliston Elementary	20" Color TV
Florence Elementary	$300.00 Certificate for Computer Programs
Florence Jr High & High School	Vidoecamcorder

Helmville Elementary	Videocamcorder
Ovando Elementary	Turntable, Gym Phone
Seeley-Swan High School	27" Color TV
St Ignatius Public School	Fax Machine
Superior High School	Videocamcorder
Swan Valley Elementary School	Color VGA Monitor,used Apple & Computer System
Seeley Lake Elementary	ImageWriter II printer
Sunset Elementary	Computer System w/printer
Woodman Elementary	Computer Display Panel & Overhead Projector

1992

Alberton HS	Panasonic Laser Disk Player$895
Arlee	25" Color Stereo TV$399
Clinton	Apple Computer$948
DeSmet School District	VCR$300,Printer(apple)350,$300 programs$1,000 total
Drummond HS	Okidata Printer (IBM) $235
Elliston	Phones and music keyboard $550
Hellgate Elementary	25" Color Stereo TV $399
Helmville School	Stereo(Portable)$350
Potomac	Modem, Phone Line $550
Seeley Lake Elementary	MAC LC Computer $1,695
Sunset Elementary	Apple Classic Computer $948
Superior HS	IBM Computer$1,000
Swan Valley	Laminator$1,000

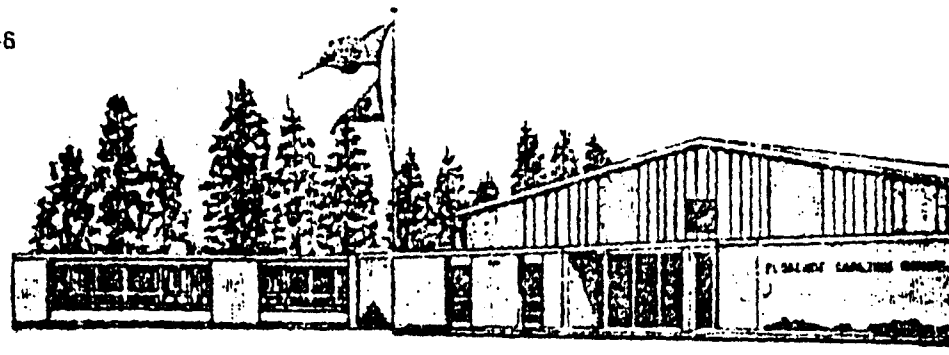
FLORENCE-CARLTON SCHOOL DISTRICT 15-6
5540 OLD HIGHWAY 93
FLORENCE, MONTANA 59833

DR. ERNEST WILLIAM JEAN
Superintendent 273-6751

SHERRY DAVIS
JH/HS PRINCIPAL 273-6301

GERALD E. McVAY
Elementary Principal 273-6741

(For those on Stevensville Exchange, Please call 777-3802)



July 6, 1989

Missoula Electric Cooperative, Inc.
1700 W. Broadway
Missoula, MT 59802-2099

Attn: Kirk Flynn

Dear Mr. Flynn:

Please accept my apology for not contacting you sooner regarding the satellite dish that our school was given by your company and the Blackfoot Telephone Cooperative. I had hoped to enclose a picture of the dish after it was installed. The installation is not yet complete but I wanted to express our appreciation to both utility companies.

There is no doubt that your gift will help us improve our instructional program and offerings to the students at Florence.

Once again, thank you for making this possible.

Sincerely,

Dr. Ernest William Jean,
Superintendent

EWJ/dr

cc: Blackfoot Telephone Cooperative

EXHIBIT 8
DATE 3/4/93
HB SB 190

Swan Valley Elementary School

MISSOULA COUNTY, DISTRICT 33
STAR ROUTE -:- PHONE 406 / 754-2320
CONDON, MONTANA 59826

Mr. Kirk Flynn
Missoula Electric Cooperative
1700 W. Broadway
Missoula, MT 59802

June 27, 1989

To Whom It May Concern:

The school year has come to a close and there is now time to reflect on various events that helped make the year special. Of course, one that comes to my mind is the gift of the new TV and VCR that were given to us by Missoula Electric Coop and the Blackfoot Telephone Coop as a joint project. Thank you for becoming involved in our community in such a positive and meaningful way!

This new equipment has already been put to good use during the last month of the school year and will certainly be used to its maximum during the upcoming school years. Our rural setting makes it difficult to obtain quality films from local sources so your gift will make it possible for us to start to build a library of worthwhile video programs. Thank you so much for choosing our school and making this equipment available to us!

Sincerely,

Dan White
Principal

EXHIBIT 8
DATE 3/4/93
SB 190

ALBERTON PUBLIC SCHOOL

Joint School District No. 2
Box 118 306 Railroad
ALBERTON, MONTANA 59820

Gary L. Webber, Ed. D.
Superintendent

Darlene Gonzales
Clerk of the Board

Telephone (406) 722-
Missoula Exchanges - 626-

April 12, 1990

Missoula Electric Cooperative, Inc.
1700 W Broadway
Missoula, MT 59802-2099

Dear Sirs;

On behalf of the Alberton Board of Trustees I would like to thank your organization for your generous gift to our school district.

Your gift will open many doors to our students and will aid our staff. Thank you again for your generosity.

Sincerely yours,

Patricia A Davies

Patricia A Davies
Chairwoman
Board of Trustees

cc: Blackfoot Telephone

Frenchtown Public Schools, District No. 40
Frenchtown High School
P.O. Box 117
Frenchtown, Montana 59834
626-5222

ROBERT M. BANKS
626-5762
SUPERINTENDENT

MARK B. McMURRAY
PRINCIPAL

WILLIAM R. STROTHMAN
GUIDANCE COUNSELOR

TIMOTHY M. RACICOT
ACTIVITIES DIRECTOR

May 2, 1989

Kirk Flynn
Missoula Electric Cooperative, Inc.
1700 W. Broadway
Missoula, MT 59802-2099

Dear Mr. Flynn:

It was a pleasure visiting with you the other day at Frenchtown. I would like to express our appreciation to you and your Board again for the donation of the satellite dish and related equipment. I am sure that our students will benefit from Missoula Electric Cooperative's generous donation.

We have had an excellent working relationship with the Cooperative over the years, and we appreciate the service and support that you have provided. If we can be of any help to you in the future, please feel free to let us know.

Sincerely,

Mark McMurray
Principal

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

State Administration COMMITTEE BILL NO. SB 190

3/4/93 SPONSOR(S) Sen. Doherty

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Gary Wiens	Mt. Elec. Co-ops Mt. Telephone Assoc.	X	
Bill Chapman	Glacier Elec Co-op	X	
[illegible]	MECA / MTA	X	
Fred Bailey	Blackfoot Telephone Coop Missoula Electric Coop	X	
Steve Doherty	SD 20	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

SENATE BILL NO. 190

INTRODUCED BY DOHERTY, GAGE, JERGESON, AKLESTAD, L. NELSON, PETERSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A RURAL ELECTRIC OR TELEPHONE COOPERATIVE TO USE UNCLAIMED PATRONAGE REFUNDS FOR EDUCATIONAL PURPOSES; PROVIDING AN EXEMPTION TO THE UNIFORM UNCLAIMED PROPERTY ACT; AND AMENDING SECTIONS 35-18-316, 70-9-203, 70-9-301, 70-9-309, AND 72-14-102, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 35-18-316, MCA, is amended to read:

"35-18-316. Refunds to ~~members~~ -- retention of unclaimed refunds. (1) ~~Revenues~~ Revenue of a cooperative for any fiscal year ~~shall~~ must, unless otherwise determined by a vote of the members, be distributed by the cooperative to its members as patronage refunds prorated in accordance with the patronage of the cooperative by the respective members paid for during ~~such~~ the fiscal year, whenever ~~such~~ the ~~revenues exceed~~ revenue exceeds the amount ~~thereof~~ necessary to:

(a) defray expenses of the cooperative and of the operation and maintenance of its facilities during ~~such~~ the fiscal year;

(b) pay interest and principal obligations of the cooperative coming due in ~~such~~ the fiscal year;

(c) finance or provide a reserve for the financing of the construction or acquisition by the cooperative of additional facilities to the extent determined by the board of trustees;

(d) provide a reasonable reserve for working capital;

(e) provide a reserve for the payment of indebtedness of the cooperative maturing more than 1 year after the date of the incurrence of ~~such~~ the indebtedness in an amount not less than the total of the interest and principal payments ~~in respect thereof~~ required to be made during the next ~~following~~ fiscal year; and

(f) provide a fund, which ~~shall~~ may be not less than 2% or more than 5% of the balance remaining, for education in cooperation and for the dissemination of information concerning the effective use of electric energy and other services made available by the cooperative.

(2) Nothing ~~herein~~ contained in this section ~~shall~~ may be construed to prohibit the payment by a cooperative of all or any part of its indebtedness prior to the date when the ~~same shall become~~ payment becomes due.

(3) A cooperative ~~may~~ SHALL, upon the action of the board of trustees, retain patronage refunds allocated to its members that remain unclaimed for a period of 5 years after

the end of the year in which the refunds are given. Refunds retained by the cooperative may MUST be used for educational purposes."

Section 2. Section 70-9-203, MCA, is amended to read:

"70-9-203. Deposits and refunds held by utility. (1) The following funds held or owing by any utility are presumed abandoned:

~~(1)~~(a) any deposit made by a subscriber with a utility to secure payment for or any sum paid in advance for utility services to be furnished in this state, less any lawful deductions, that has remained unclaimed by the person appearing on the records of the utility entitled ~~thereto~~ to it for more than 5 years after the termination of the services for which the deposit or advance payment was made;

~~(2)~~(b) any sum ~~which~~ that a utility has been ordered to refund and ~~which~~ that was received for utility services rendered in this state, together with any interest ~~thereon~~, less any lawful deductions, that has remained unclaimed by the person appearing on the records of the utility entitled ~~thereto~~ to it for more than 5 years after the date it became payable in accordance with the final determination or order providing for the refund~~.~~; and

(c) a patronage refund made to a member of a rural electric or telephone cooperative organized under Title 35, chapter 18, that has remained unclaimed by the person

appearing on the records of the cooperative entitled to it for more than 5 years.

(2) The unclaimed funds provided for in subsection (1)(c) are not subject to or governed by any other provisions of parts 1 through 3 of this chapter. They may MUST be used by the rural electric or telephone cooperative for educational purposes."

Section 3. Section 70-9-301, MCA, is amended to read:

"70-9-301. Report of abandoned property -- duty to prevent abandonment prior to filing. (1) Every Except as provided in 70-9-203(2), a person holding money or other property, tangible or intangible, presumed abandoned under parts 1 through 3 shall report the property to the department as provided in this part.

(2) The report must be verified and must include:

(a) except with respect to travelers' checks and money orders, the name, if known, and the last-known address, if any, of each person appearing from the records of the holder to be the owner of any property of value of $25 or more presumed abandoned under parts 1 through 3;

(b) in case of unclaimed money of life insurance corporations, the full name of the insured or annuitant and ~~his~~ the last-known address according to the life insurance corporation's records;

(c) the nature and identifying number, if any, or

description of the property and the amount appearing from the records to be due. Items less than $25 of value each may be reported in aggregate.

(d) the date when the property became payable, demandable, or returnable and the date of the last transaction with the owner with respect to the property; and

(e) other information ~~which~~ that the department prescribes by rule as necessary for the administration of parts 1 through 3.

(3) If the person holding property presumed abandoned is a successor to other persons who previously held the property for the owner or if the ~~holder~~ holder's name has changed ~~his name~~ while holding the property, he the holder shall file with ~~his~~ the report all prior known names and addresses of each holder of the property.

(4) The report must be filed before November 1 every year as of the preceding June 30, but the reports of life insurance corporations, banking and financial organizations, and cooperatives must be filed before May 1 of each year as of the preceding December 31. The department may postpone the reporting date upon written request by any person required to file a report. The department shall furnish forms for this report.

(5) Not more than 120 days before filing the report required by this section, the holder in possession of

property presumed abandoned and subject to custody as unclaimed property under parts 1 through 3 shall send written notice to the apparent owner at ~~his~~ the last-known address informing ~~him~~ the apparent owner that the holder is in possession of property subject to this chapter if:

(a) the holder has in ~~his~~ the holder's records an address for the apparent owner ~~which~~ that the holder's records do not disclose to be inaccurate;

(b) the claim of the apparent owner is not barred by the statute of limitations; and

(c) the property has a value of $100 or more.

(6) Verification if made by a partnership must be executed by a partner; if made by an unincorporated association or private corporation, by an officer; and if made by a public corporation, by its chief fiscal officer."

Section 4. Section 70-9-309, MCA, is amended to read:

"70-9-309. Deposit of ~~moneys~~ money -- record -- deduction of costs. (1) ~~All~~ Except for patronage refunds retained under 35-18-316, all ~~moneys~~ money received under parts 1 through 3, including the proceeds from the sale of abandoned property under 70-9-308, ~~shall forthwith~~ must be immediately deposited by the department of revenue with the state treasurer for credit to the public school nonexpendable trust fund of the state, except that the state treasurer shall retain in the agency fund an amount not

exceeding $25,000 from which he the treasurer shall make prompt payment of claims allowed by the department as ~~hereinafter~~ provided in this section.

(2) Before making the deposit, the department shall record the name and ~~last-known~~ last-known address of each person appearing from the holders' reports to be entitled to the abandoned property and of the name and ~~last-known~~ last-known address of each insured person or annuitant and, with respect to each policy or contract listed in the report of a life insurance corporation, its number, the name of the corporation, and the amount due. The record ~~shall~~ must be available for public inspection at all reasonable business hours.

(3) Before making any deposit to the credit of the public school nonexpendable trust fund, the department may deduct:

(a) any costs in connection with sale of abandoned property;

(b) any costs of mailing and publication in connection with any abandoned property; and

(c) reasonable service charges."

Section 5. Section 72-14-102, MCA, is amended to read:

"72-14-102. When title to escheated property vests in state. (1) Whenever the title to any property, either real or personal or mixed, fails for any reason, including want

of heirs or next of kin, ~~such~~ the title vests in the state of Montana immediately upon the death of the owner without an inquest or other similar proceeding and there is no presumption that ~~such~~ the owner died leaving heirs or next of kin.

(2) This chapter does not apply to any rural electric or telephone cooperative organized under Title 35, chapter 18, if the board of trustees of the cooperative has acted to retain patronage refunds that are made by the cooperative to a member or former member and that remain unclaimed for 5 years, as provided in 70-9-203."

-End-